

Michigan Economic Development Corporation
MichiganAdvantage.org

Presentation to
Senate Economic Development Committee
on
Tribal Business Development
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www.michiganadvantage.org/tribal

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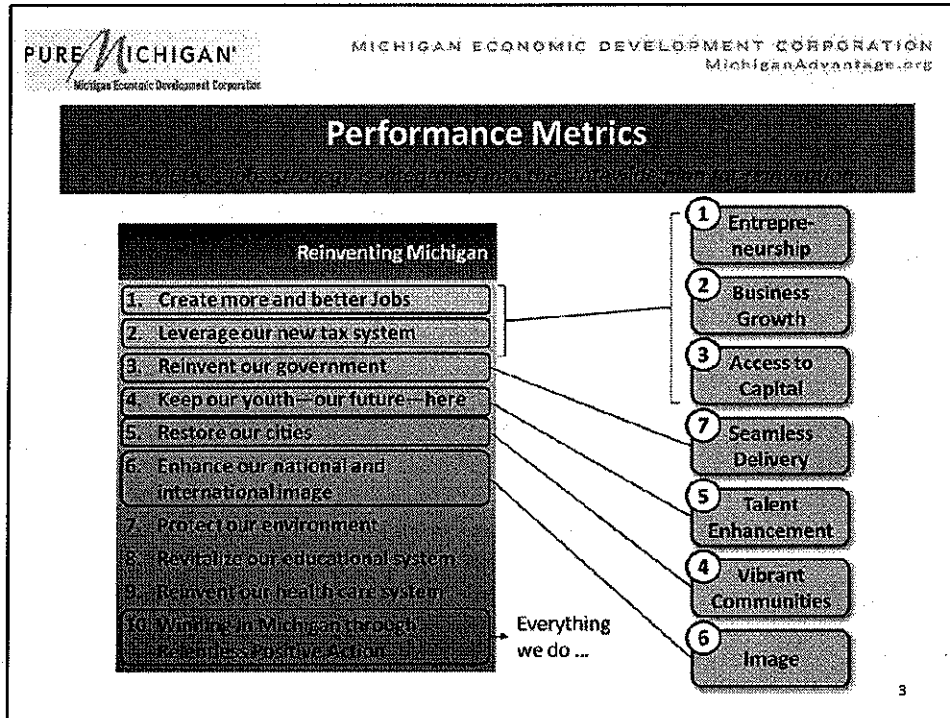
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Introduction

- The MEDC expanded into tribal business development in late 2010
- Goal: To be a resource to Michigan's federally recognized Indian tribes pursuing economic diversification, and to cultivate state-tribal relationships that foster business development beyond gaming.
- Unique status of tribes creates unique opportunities

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Background and General Information

- Tribes as job creators
- The State of Michigan is home to 12 federally recognized Indian tribes
- 2010 Census Briefs - among the top 10 states with an American Indian/Alaska Native population

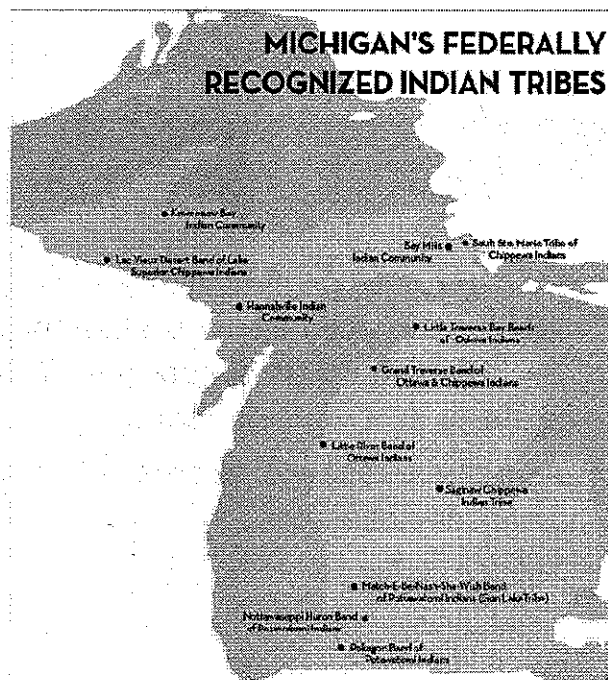
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Michigan's 12 Federally Recognized Tribes

- Bay Mills Indian Community
- Grand Traverse Band of Ottawa and Chippewa Indians
- Hannahville Potawatomi Indian Community
- Keweenaw Bay Indian Community
- Lac Vieux Desert Band of Lake Superior Chippewa Indians
- Little River Band of Ottawa Indians
- Little Traverse Bay Bands of Odawa Indians
- Match-E-Be-Nash-She-Wish Band of Pottawatomi, Gun Lake Tribe
- Nottawaseppi Huron Band of the Potawatomi
- Pokagon Band of Potawatomi
- Saginaw Chippewa Indian Tribe
- Sault Ste. Marie Tribe of Chippewa Indians

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MICHIGAN'S FEDERALLY RECOGNIZED INDIAN TRIBES



(An enlarged map is included at the end of this presentation.)

Background and General Information

- Each tribe engaged in gaming, but vary greatly in non-gaming economic enterprise activity
- Resources are generally limited
- Structural differences

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Background and General Information

- Various executive directives and inter-governmental agreements negotiated between the State of Michigan and its tribes superseded the MEDC's tribal business development efforts
- Agreements span three administrations, and include an Economic Accord
- The agreements:

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Background and General Information

- Recognize that diversification of tribal economies beyond gaming benefits communities and the state as a whole
- Is committed to better coordination of state and tribal economic development programs and incentives to enhance job creation

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Tribal Business Development Strategy

- Each of Michigan's tribes was invited to participate
- Resultant program and funding is designed to be flexible in response to the unique nature and needs of each individual tribe
- Following were noted areas of common interest among tribes:

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Tribal Business Development Strategy

- Job creation/retention
- Alternative energy/renewable energy
- Contracting opportunities
- Entrepreneurship
- Agribusiness development
- Access to capital
- Infrastructure enhancement
- Travel and tourism
- Access to resources
- Effective tribal, non-gaming, business models

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Tribal Business Development Strategy

- First year activities have been focused on:
 - Relationship building
 - Pursuing tribal business opportunities
 - Encouraging tribes to develop infrastructure to support non-gaming business development and adopt proven economic strategies and business models
 - Hosting a tribal economic forum

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Tribal Business Development Strategy

- Organizing resource teams for various tribal projects
- Identifying and coordinating tribal business and finance resources
- Issuing technical assistance grants to tribes
- Created www.michiganadvantage.org/tribal as a reference tool to tribal business development

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Tribal Business Development Strategy

- As projects are identified, we have taken action to meet the capacity gaps through resource identification and technical assistance grants
- For example, for a commodities company that a tribe acquired last year, we assembled a broad resource team and issued a technical assistance grant

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Tribal Business Development Strategy

- The resources and funding provided a basis for business plan development and financing
- The tribe's cash investment in the company kept it from closing, retaining jobs in Michigan
- Tribe's ownership and creates untapped market potential in federal and other contracting

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Tribal Business Development Strategy

- For a tribe pursuing an agri-business/renewable energy project, we have assembled a resource team that includes experts from the MEDC, the MDARD, the State Energy Office, and the USDA
- As the project evolves from conceptual stages to development, expertise and resources will be facilitated to meet the needs of the tribe

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Tribal Business Development Strategy

- We have engaged with several tribes in the same way, and are reaching out to all the state's tribes to grow jobs and investment in Michigan
- Tribal participation is critical to the success of our collective efforts

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Mentors and Strategic Partners

- The State of Michigan is fortunate in that successful, national, tribal business operations and organizations have reached out to Michigan's tribes
 - Alaskan Native Corporations
 - Native American Contractors Association
 - National Center for American Indian Enterprise Development
 - Forest County Potawatomi of Wisconsin
 - Navajo Nation

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Mentors and Strategic Partners

- Collectively, this group owns and operates businesses throughout the United States, including Michigan; is monumentally successful in federal contracting; and provide strong advocacy for Native business development programs.
- Strategic partners also include federal and state agencies, local and regional EDCs, higher education, SBTDCs, PTACs, and the United Tribes of Michigan, among others.

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Contracting Opportunities and SBA 8(a) Certification

- There is much talk in Indian country about contracting opportunities and SBA 8(a) certification.
- Congress created the SBA the "8(a)" business development program in order to help small, disadvantaged businesses compete in the market place
- "Native 8(a)s" are companies owned by Indian tribes, Alaskan Native Corporations (ANCs) or Native Hawaiian Organizations.

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Contracting Opportunities and SBA 8(a) Certification

- Federal agencies have mandated small, disadvantaged purchasing targets, and contracting preference is given to 8(a) companies.
- The primary advantages of 8(a)s are the ability to receive sole source contracts and to joint venture to bid on contracts.
- Because Native 8(a)s represent entire communities of disadvantaged individuals there are additional benefits for Native 8(a) companies:

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Contracting Opportunities and SBA 8(a) Certification

- They may own more than one 8(a) company at a time, and there are no limits on sole source contracts. However, a contract for more than \$20 million with a Native 8(a) must have written justification.
- Native 8(a) contracting represents around 1% of all federal contracting.

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Contracting Opportunities and SBA 8(a) Certification

- Recently, the US Government Accountability Office released an audit on Native 8(a) firms. The audit found nothing to warrant further legislative reform, but did recommend increased oversight by the SBA.
- Recent regulatory changes also require Native 8(a)s to report benefits flowing back to their respective communities.

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Contracting Opportunities and SBA 8(a) Certification

- Alaskan Native Corporations (ANCs) in federal contracting provide an excellent model
- Important to highlight the differences between ANCs and Indian tribes, with respect to the SBA 8(a) program, as additional steps are required of tribes
- The fundamental difference is the ANCs are corporations (as their name indicates) without sovereign immunity

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Contracting Opportunities and SBA 8(a) Certification

- Indian tribes must create the legal infrastructure separating the tribe from the business, and waive sovereign immunity for express purposes
- In addition, there are two qualifying criteria for 8(a) certification – economic and social disadvantage
- Certification is an arduous process, and for Native 8(a), applications are only processed in two places in the country – San Francisco and Philadelphia

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Contracting Opportunities and SBA 8(a) Certification

- Some of Michigan's tribes have attempted in the past and again more recently to become 8(a) certified
- The MEDC will continue to offer technical support to tribes
- The MEDC has retained a procurement consultant to develop a comprehensive tribal contracting

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Conclusion

- MEDC can most effectively meet the needs of the tribes by:
 - Providing technical assistance, including technical assistance grants, for specialized legal, financial and business services required for tribal business development
 - Encourage tribes to adopt proven economic strategies and business models that have succeeded in Indian country

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Conclusion

- Maintain and cultivate tribal relationships and strategic partnerships that further tribal business development
- Focus on coordination and collaboration of resources across all layers of government and strategic partners
- Provide project funding participation
- Advocate for successful tribal business development programs, such as SBA 8(a) certification

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Conclusion

- The State of Michigan is home to 12 federally recognized tribes with unlimited potential to create jobs and retain talent in Michigan
- The MEDC's effective delivery of resources to tribes seeking economic diversification is an important tool
- Michigan as a national model for state-tribal coordination of resources and creating a platform for collaboration

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Tribal Economic Forum

- MEDC Tribal Economic Forum is May 17-18, 2012 at the Radisson Hotel in Lansing. Topics include tribal business structure, contracting, energy, agri-business, aquaculture and federal, state and MEDC resources. All interested parties are invited to attend.

Thank you for your time!

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